

CITY COURT OF SLIDELL
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2011

ERICKSEN KRENTEL & LAPORTE L.L.P.

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TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>		1 – 2
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>		3 – 7
<u>BASIC FINANCIAL STATEMENTS:</u>		
GOVERNMENTAL-WIDE FINANCIAL STATEMENTS (GWFS)		
Statement of Net Assets	A	8
Statement of Activities	B	9
FUND FINANCIAL STATEMENTS (FFS)		
Governmental Funds:		
Balance Sheet	C	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	13
Fiduciary Funds:		
Statement of Fiduciary Net Assets	G	14
Statement of Changes in Fiduciary Liabilities	H	15
NOTES TO FINANCIAL STATEMENTS		16 – 24
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	<u>SCHEDULE</u>	
Budgetary Comparison Schedule.....	A-1	25
<u>OTHER REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		26 – 27
Schedule of Findings and Responses.....		28

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INDEPENDENT AUDITORS' REPORT

To the Honorable Judge Jim Lamz
City Court of Slidell
Slidell, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Slidell (the City Court) as of and for the year ended December 31, 2011, which collectively comprise the City Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City Court of Slidell's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City Court of Slidell as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2012 on our considerations of City Court of Slidell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Judge Jim Lamz
City Court of Slidell
June 19, 2012
Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

June 19, 2012

Erickson, Krentel & LaPorte LLP

Certified Public Accountants

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2011

As financial management of City Court of Slidell (the Court), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Court for the fiscal year ending December 31, 2011. This discussion and analysis is designed to assist the reader on focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets of the Court exceeded its liabilities by \$1,398,734 at December 31, 2011. Of this amount \$559,005, is invested in capital assets. \$88,602 in net assets are restricted and the remaining \$751,127 in net assets is unrestricted. The total net assets of the Court decreased by \$8,607 or 1%.

The Court's total revenue was \$1,294,534 in 2011 compared to \$1,199,495 in 2010, which is a increase of \$95,039 or 8%.

Total expenses for the Court during the year ended December 31, 2011 were \$1,303,141 including depreciation expense and on-behalf payments made by the City of Slidell. These expenses compared to total expenses of \$1,321,990 during the year ended December 31, 2010 resulted in a decrease of \$18,849 or 1%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Court also includes in this report required additional supplemental information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Court's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Court's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Court's assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Court as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the Court's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 8 & 9 of this report.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2011

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Court uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Court's most significant funds rather than the Court as a whole.

The Court uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Court's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 10 – 13 of this report.

Fiduciary funds are reported in a separate Statement of Fiduciary Net Assets. Activities from fiduciary funds are not included in the government-wide financial statements because the Court cannot use these assets for its operations. The Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statement is presented on page 14 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 16 of this report.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2011

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Court's budgetary comparison schedules for the general fund and special revenue funds. Required supplemental information can be found on page 25 of this report.

FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Court, assets exceeded liabilities by \$1,398,734. The following table provides a summary of the Court's net assets:

SUMMARY OF NET ASSETS
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 2,469,528	\$ 2,805,744
Capital assets	<u>559,004</u>	<u>356,802</u>
Total assets	<u>3,028,532</u>	<u>3,162,546</u>
Current liabilities	1,611,141	1,735,373
Non-current liabilities	<u>18,657</u>	<u>19,832</u>
Total liabilities	<u>1,629,798</u>	<u>1,755,205</u>
Net assets:		
Investment in capital assets	559,005	356,802
Restricted	88,602	105,858
Unrestricted	<u>751,127</u>	<u>944,681</u>
Total net assets	<u>\$ 1,398,734</u>	<u>\$ 1,407,341</u>

The total net assets of the funds maintained by the Court's governmental activities decreased by \$8,607 or 1% primarily due to a slightly larger decrease in total assets compared to the decrease in current liabilities during 2011.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2011

CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Revenues:</u>		
Program:		
Fees, fines and charges for services	\$ 791,191	\$ 703,118
Operating grants and contributions	218,913	195,640
General:		
On-behalf payments	134,703	128,415
Intergovernmental	12,000	12,000
Interest income	9,041	20,975
Other	<u>128,686</u>	<u>139,347</u>
Total revenues	<u>1,294,534</u>	<u>1,199,495</u>
<u>Expenses:</u>		
Program:		
City Court	<u>1,303,141</u>	<u>1,321,990</u>
Change in net assets	(8,607)	(122,495)
Net assets, beginning of year	<u>1,407,341</u>	<u>1,529,836</u>
Net assets, end of year	<u>\$ 1,398,734</u>	<u>\$ 1,407,341</u>

BUDGETARY HIGHLIGHTS

The original budget adopted by the Court was amended during the fiscal year. The Court does not budget on-behalf payments and related revenues for the salaries and related benefits of the Court's staff which are paid directly by other governmental agencies.

CAPITAL ASSETS

The Court's investment in capital assets, net of accumulated depreciation, amounts to \$559,005 as of December 31, 2011. Capital assets include equipment, furniture and fixtures, and land and leasehold improvements. During 2011, the Court had asset additions of \$227,559 which consisted of leasehold improvements, computer equipment, and furniture and fixtures.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2011

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Court's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Sherry Philips, Clerk of Court, City Court of Slidell, 501 Bouscaren Street, Slidell, LA 70458.

BASIC FINANCIAL STATEMENTS

CITY COURT OF SLIDELL
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 2,017,803
Receivables, net	34,582
Restricted assets:	
Deferred compensation investments	403,726
Prepaid insurance	13,322
Deposits	95
Capital assets, net of accumulated depreciation	<u>559,004</u>
 Total assets	 <u>3,028,532</u>
 <u>LIABILITIES:</u>	
Accounts payable	15,342
Salaries and related benefits payable	40,844
Due to agency funds	464,318
Registry deposits	31,762
Appearance bonds pending	553,931
Deferred revenues	101,218
Compensated absences	18,657
Payable from restricted assets:	
Deferred compensation due employees	<u>403,726</u>
 Total liabilities	 <u>1,629,798</u>
 <u>NET ASSETS:</u>	
Invested in capital assets	559,005
Restricted assets	88,602
Unrestricted	<u>751,127</u>
 Total net assets	 <u><u>\$ 1,398,734</u></u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Court Costs Assessed and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Governmental activities:</u>				
City Court	\$ 1,303,141	\$ 791,191	\$ 218,913	\$ (293,037)
Total governmental activities	<u>\$ 1,303,141</u>	<u>\$ 791,191</u>	<u>\$ 218,913</u>	(293,037)
General revenues:				
				12,000
				134,703
				9,041
				<u>128,686</u>
		Total general revenues		<u>284,430</u>
		Change in net assets		<u>(8,607)</u>
		Net assets - beginning		<u>1,407,341</u>
		Net assets - ending		<u>\$ 1,398,734</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

ASSETS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental</u>
Cash and cash equivalents	\$ 1,905,892	\$ 111,911	\$ 2,017,803
Receivables, net	17,663	16,919	34,582
Restricted assets:			
Deferred compensation investments	403,726	-	403,726
Due from Special Revenue Fund	30,920	-	30,920
Prepaid insurance	13,322	-	13,322
Deposits	<u>95</u>	<u>-</u>	<u>95</u>
Total assets	<u>\$ 2,371,618</u>	<u>\$ 128,830</u>	<u>\$ 2,500,448</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$ 6,034	\$ 9,308	\$ 15,342
Salary and related benefits payable	40,844	-	40,844
Due to agency funds	464,318	-	464,318
Registry deposits	31,762	-	31,762
Due to General Fund	-	30,920	30,920
Appearance bonds pending	553,931	-	553,931
Deferred revenues	101,218	-	101,218
Payable from restricted assets:			
Deferred compensation due employees	<u>403,726</u>	<u>-</u>	<u>403,726</u>
Total liabilities	<u>1,601,833</u>	<u>40,228</u>	<u>1,642,061</u>

FUND BALANCES:

Unassigned	769,785	-	769,785
Restricted	<u>-</u>	<u>88,602</u>	<u>88,602</u>
Total fund balances	<u>769,785</u>	<u>88,602</u>	<u>858,387</u>
Total liabilities and fund balances	<u>\$ 2,371,618</u>	<u>\$ 128,830</u>	<u>\$ 2,500,448</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Fund balances at December 31, 2011 - total governmental funds	\$	858,387
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		559,004
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Long term liabilities are not due and payable in the current period and,
therefore are not reported in the governmental funds. All liabilities
(both current and long term) are reported in the Statement of Net Assets:

Compensated absences payable		<u>(18,657)</u>
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Net assets of governmental activities as of December 31, 2011	\$	<u><u>1,398,734</u></u>
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CITY COURT OF SLIDELL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental</u>
<u>REVENUES:</u>			
Court costs assessed	\$ 325,209	\$ -	\$ 325,209
Charges for services	465,982	-	465,982
Grants	-	218,853	218,853
Intergovernmental	12,000	-	12,000
Interest income	7,791	1,250	9,041
On-behalf payments	134,703	-	134,703
Other	61,860	66,657	128,517
	<u>1,007,545</u>	<u>286,760</u>	<u>1,294,305</u>
<u>EXPENDITURES:</u>			
Personnel costs through on-behalf payments	134,703	-	134,703
Personnel services and benefits	635,080	81,006	716,086
Telephone	7,795	-	7,795
Insurance	14,814	5,175	19,989
Repairs and maintenance	258	5,389	5,647
Drug screens	284	10,425	10,709
Dues, subscriptions and licenses	5,148	430	5,578
Professional fees	96,883	115,320	212,203
Office supplies and library	24,967	4,245	29,212
Computer services	2,935	2,514	5,449
Storage rent	5,258	-	5,258
Operating leases	-	15,643	15,643
Witness fees	29,950	-	29,950
Filing/processing fees	7,040	-	7,040
Payroll taxes	11,811	3,376	15,187
Postage	18,519	74	18,593
Travel	5,293	13,473	18,766
Seminars	2,670	3,500	6,170
Janitorial service	-	9,100	9,100
Capital outlays	194,453	33,106	227,559
Other	4,412	1,240	5,652
	<u>1,202,273</u>	<u>304,016</u>	<u>1,506,289</u>
Net change in fund balances	(194,728)	(17,256)	(211,984)
FUND BALANCES, BEGINNING	<u>964,513</u>	<u>105,858</u>	<u>1,070,371</u>
FUND BALANCES, ENDING	<u>\$ 769,785</u>	<u>\$ 88,602</u>	<u>\$ 858,387</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds \$ (211,984)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by
which capital outlays was exceeded by depreciation expense in the current
period. 202,202

Some expenses reported in the Statement of Activities do not require the
use of current financial resources and are not reported as expenditures in
governmental funds:

Decrease in compensated absences 1,175

Change in net assets of governmental activities \$ (8,607)

CITY COURT OF SLIDELL
STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Agency Funds</u>		
	<u>Civil Docket</u>	<u>Criminal Docket</u>	<u>Total</u>
<u>ASSETS:</u>			
Due from general fund	\$ 405,192	\$ 59,126	\$ 464,318
Total assets	<u>405,192</u>	<u>59,126</u>	<u>464,318</u>
<u>LIABILITIES:</u>			
Due to others	<u>405,192</u>	<u>59,126</u>	<u>464,318</u>
Total liabilities	<u>405,192</u>	<u>59,126</u>	<u>464,318</u>
<u>NET ASSETS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Civil Docket	Criminal Docket	Total
<u>ADDITIONS:</u>			
Fines and bonds collected	\$ 2,317,934	\$ 1,358,459	\$ 3,676,393
<u>DEDUCTIONS:</u>			
Administrative fees	-	6,384	6,384
Breath analysis - Sheriff	-	50	50
Breath analysis - City	-	3,500	3,500
Breath analysis - State	-	9,850	9,850
City of Slidell	-	391,912	391,912
Crime stoppers	-	8,400	8,400
Criminal Court	-	266,740	266,740
Department of public safety/machine	-	6,680	6,680
Disability affairs trust	-	525	525
District Attorney's Fund	-	118,450	118,450
Drug abuse education and treatment	-	1,000	1,000
I.A.A.	-	780	780
Indigent defender fund	-	155,547	155,547
Juvenile delinquent	-	1,155	1,155
Juvenile detention center	-	21,256	21,256
Juvenile traffic	-	1,620	1,620
Legislative fee	-	125	125
Louisiana law enforcement fund	-	8,460	8,460
Louisiana Supreme Court	-	9,245	9,245
Parish of St. Tammany	-	67,580	67,580
Sex offenders registry	-	19,833	19,833
Slidell City Marshal	-	277,496	277,496
Traumatic head & spinal cord injury	-	12,691	12,691
Victim's of crime fund	-	6,524	6,524
Adoption fees	869	-	869
Civil fund	2,023,760	-	2,023,760
Commissioner of insurance	15	-	15
Covington Clerk of Court	18,732	-	18,732
Curator	453	-	453
First Circuit Court of Appeal	122	-	122
Garnishments	120	-	120
Judge fees	83,831	-	83,831
Judge Supplemental Compensation Fund	51,784	-	51,784
Refunds - unused court fees	23,670	-	23,670
Secretary of State	525	-	525
Service marshal	29,880	-	29,880
Service Sheriff	11,929	-	11,929
Total deductions	2,245,690	1,395,803	3,641,493
Change in net assets	72,244	(37,344)	34,900
Fiduciary liabilities, beginning	332,948	96,470	429,418
Fiduciary liabilities, ending	\$ 405,192	\$ 59,126	\$ 464,318

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation and Operations

The City Court of Slidell was created by a special legislative act. Its jurisdiction extends throughout all of Wards 8 and 9 of St. Tammany Parish. The City Court handles civil suits up to \$35,000 and collects certain funds pursuant to state statute, which are under the control of the Court and are reported in the accompanying financial statements.

Reporting Entity

The City Court of Slidell is composed of a City Judge, a Marshal, and a Clerk of Court. The Judge and the Marshal are elected at the Congressional election every six years.

The financial statements include all organizations, activities, and functions that comprise the Court. Component units are legally separate entities for which the Court (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Court's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Court. Using these criteria, the Court has no component units.

Basis of Presentation

The accompanying financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

Government-Wide Financial Statements-(GWFS)

The statement of net assets and the statement of activity display information about the Court as a whole. These statements include all of the financial activities of the Court. Information contained in these columns reflects the economic resources measurement and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (GWFS) (continued)

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and building are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Depreciable assets are recorded net of accumulated depreciation in the statement of net assets.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the Court. Program revenues are derived directly from Court users as fees for services; program revenues reduce the cost of the function to be financed from the Court's general revenues. Program revenues also consist of operating grants and contributions which are resources restricted for operating purposes of a program.

Fund Financial Statements (FFS)

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities of attaining certain objectives in accordance with specific regulations, restrictions or limitations. The various kinds in the financial statements in this report are grouped into three broad categories as follows:

General Fund Type

Governmental funds account for all of the City Court's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. During 2011, the City Court maintained a General Fund to account for all these general activities.

Special Revenue Fund

The City Court's special revenue fund accounts for the Judicial Building Funds and other intergovernmental revenues that are restricted to help defray the cost of certain programs, and grant funds received from the Louisiana Supreme Court Drug Court program as discussed in Note 7.

Fiduciary Fund Type

Agency funds are used to account for assets held by the City Court of Slidell, Louisiana as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve the measurement of results of operations.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt and compensated absences are recorded as fund liabilities when due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures when incurred. Court fines and fees and interest are recorded when earned and measurable.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund. The City Court of Slidell presents, adopts and amends an operating budget as required by the Louisiana Local Government Budget Act. The budget is prepared on a modified accrual basis of accounting. All appropriations, which are not expended, lapse at year-end. Unexpended appropriations and any excess revenues over expenditures are carried forward to subsequent year as beginning fund balance.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, certificates of deposit and money market accounts. It is the policy of the Court to treat these asset types and highly liquid investments with a maturity of ninety (90) days or less as cash equivalents.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (continued)

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Capital Assets

Capital assets are recorded as expenditures at the time of purchase and the related assets are capitalized. All purchased fixed assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets over \$500 are capitalized. Depreciation is computed using the straight-line method over estimated lives of 5 years.

Prepaid Expenses

Prepaid expenses represent the unused portion of insurance and equipment maintenance policies in effect at the balance sheet date.

Use of Estimates in the Preparation of Financial Statements

The preparation of the Court's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in 2011 financial statements.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Court's policy permits all full time City Court employees who are paid on a salary basis and work a regular full-time work week earn paid time off ("PTO"). An employee may accumulate up to a maximum of thirty days of PTO. Any earned time in excess of thirty days shall be paid to the employee on their anniversary date.

The following is a schedule of the rates for paid time off:

<u>Service</u>	<u>Paid Time-Off Days</u>
0 mo - 1 year	0
1 - 5 years	15
6 - 10 years	20
>10 years	25

The cost of current leave privileges is recognized as a current-year expenditure in the General Fund when the leave is actually taken. The total cost of leave privileges is recorded in the Statement of Net Assets.

Deferred Revenues

Deferred revenues represent partial payments on fines collected by the Probation Department. Once fines have been collected in full, the Court records its share of the fines as revenues and distributes the remaining amounts that are collected for other agencies.

Equity Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted for other purposes on the Statement of Net Assets consist of grant related cash and workers compensation investments.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The Judge, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the Judge authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the Court's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use it is the Court's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

During the year, the Court adopted the provisions of GASB Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*".

Date of Management Review

Management has evaluated subsequent events through June 19, 2012 the date which the financial statements were available to be issued.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2011, the Court had cash and cash equivalents (book balances) totaling \$2,017,803. These deposits are stated at cost. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, the Court had \$2,099,794 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$250,000 of federal deposit insurance and \$713,221 of CDARS coverage (GASB Category 1) and \$1,136,573 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the fiscal agent has failed to pay deposited funds upon demand.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(3) RECEIVABLES

Receivables at December 31, 2011, were comprised of the following.

City of Slidell	\$ 12,000
Grant	16,919
Other	<u>5,663</u>
	<u>\$ 34,582</u>

No allowance for uncollectible accounts was required at December 31, 2011.

(4) CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2011:

	<u>Balance</u> <u>1/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2011</u>
Furniture, fixtures and equipment	\$ 263,392	\$ 16,415	\$ -	\$ 279,807
Land	138,023	-	-	138,023
Leasehold improvements	172,407	211,144	-	383,551
Less: accumulated depreciation	<u>(217,020)</u>	<u>(25,357)</u>	<u>-</u>	<u>(242,377)</u>
Net capital assets	<u>\$ 356,802</u>	<u>\$ 202,202</u>	<u>\$ -</u>	<u>\$ 559,004</u>

For the year ended December 31, 2011, \$25,357 in depreciation expense was allocated to judicial activities.

(5) PENSION PLAN

The City Judge and Clerk of Court are partially covered under the pension plan of the City of Slidell and the Parish of St. Tammany, Louisiana, at no cost to the City Court. The City's plan also pays the pension of retired Judges. In 1991, the City Court adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Court employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency.

The City Court funds all amounts of compensation deferred under the Plan at the direction of the covered employees, through investments in annuity contracts underwritten by Great-West Life, which is the plan administrator. The court contributes a certain percentage of the employees' gross salary to the plan.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(5) PENSION PLAN (CONTINUED)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employees or other beneficiary) are solely the property and rights of the City Court subject only to the claims of the City Court's general creditors. Participants' rights under the plan are equal to those of general creditors of the City Court in an amount equal to the fair value of the deferred account for each participant. The City Court has no liability for losses under the plan but does have the duty of due care. The City Court contributed \$60,346 to the plan in 2011. The market value of the plan assets as of December 31, 2011 is \$403,726.

(6) GRANTS

During 2011, the Court was awarded a grant from the Louisiana Supreme Court Drug Court program in the amount of \$218,853. These funds are accounted for in the Special Revenue Fund and are to improve the juvenile justice program services and facilities.

(7) LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations:

	<u>Balance</u> <u>1/01/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2011</u>
Compensated absences	\$ 19,832	\$ 33,302	\$ (34,477)	\$ 18,657

(8) OPERATING LEASES

The Court has cancelable and noncancelable operating leases for the rental of office equipment. The total amount charged to lease expense as a result of all operating leases was \$15,643 for the year ended December 31, 2011.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2011, are as follows:

2012	\$ 16,482
2013	16,482
2014	14,161
2015	11,840
Thereafter	<u>5,920</u>
	<u>\$ 64,885</u>

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

(9) APPEARANCE BONDS PENDING

Appearance bonds pending represent amounts collected for cases that have not been settled at year end. When these cases are settled, the Court will record its share of these amounts as revenues and the remaining amounts will be distributed to other agencies.

(10) EXPENSES OF THE COURT PAID BY OTHERS

The accompanying financial statements do not include certain portions of the Court's expenses paid directly by other governmental entities. In compliance with Louisiana Revised Statute 13:2487.16, the City of Slidell furnishes a suitable court room and offices for the Clerk of Court, and the expenses of operation and maintenance of the court room and offices are legislatively mandated to be borne by the City of Slidell and St. Tammany Parish equally.

Compensation paid to the Judge and the Clerk of Court, has been prepared in compliance with Louisiana Revised Statute 13:1875 and 13:1874. Under statute 13:1875 the City of Slidell and St. Tammany Parish paid salaries and fringe benefits totaling \$96,308 on behalf of the Court. The fringe benefit payments include contributions of \$17,240 to the Louisiana State Employees' Retirement System (LASERS). Under statute 13:1874 the State of Louisiana paid an annual salary to the Judge totaling \$38,395 on behalf of the Court. On behalf payments totaling \$134,703 are included in the General Fund as revenues and personnel cost in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT OF SLIDELL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund				Special Revenue Funds					
	Original Budget	Final Budget	Actual Amounts (GAAP)	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	Actual Amounts	Original Budget	Final Budget	Variance Favorable (Unfavorable)
REVENUES:										
Court costs assessed	\$ 246,884	\$ 334,500	\$ 325,209	\$ -	\$ 325,209	(9,291)	\$ -	\$ -	\$ -	\$ -
Charges for services	529,320	476,000	465,982	-	465,982	(10,018)	-	-	-	-
Grants	-	-	-	-	-	-	218,853	218,994	218,994	(141)
Intergovernmental	-	-	12,000	-	12,000	12,000	-	12,000	12,000	(12,000)
Interest	18,000	16,000	7,791	-	7,791	(8,209)	1,250	-	-	1,250
On behalf payments	-	-	134,703	(134,703)	-	-	-	-	-	-
Other	60,192	64,568	61,860	-	61,860	(2,708)	66,657	71,375	68,290	(1,633)
Total revenues	854,396	891,068	1,007,545	(134,703)	872,842	(18,226)	286,760	302,369	299,284	(12,524)
EXPENDITURES:										
Personnel costs through on-behalf payments	-	-	134,703	(134,703)	-	-	-	-	-	-
Personnel services and benefits	616,346	637,334	635,080	-	635,080	2,254	81,006	85,856	85,856	4,850
Telephone	11,000	7,600	7,795	-	7,795	(195)	-	-	-	-
Insurance	12,200	9,485	14,814	-	14,814	(5,329)	5,175	100	100	(5,075)
Repairs and maintenance	-	195	258	-	258	(63)	5,389	12,000	5,200	(189)
Drug screens	1,658	658	284	-	284	374	10,425	10,342	10,342	(83)
Conferences & seminars	3,800	900	2,670	-	2,670	(1,170)	3,500	5,200	5,200	1,700
Dues, subscriptions and licenses	2,000	4,645	5,148	-	5,148	(503)	430	-	255	(175)
Legal advertising	500	-	27	-	27	(27)	0	-	-	-
Professional fees	66,084	103,084	96,883	-	96,883	6,201	115,320	111,916	111,916	(3,404)
Office supplies and library	28,750	27,350	24,967	-	24,967	2,383	4,245	750	810	(3,435)
Computer services	10,710	3,136	2,935	-	2,935	201	2,514	290	2,514	-
Storage rent	5,500	5,100	5,258	-	5,258	(158)	-	-	-	-
Service charges	200	70	69	-	69	1	-	-	-	-
Credit card processing fees	5,750	6,800	6,646	-	6,646	154	-	-	-	-
Operating leases	14,500	-	-	-	-	-	15,643	-	15,800	157
Business meals	1,800	710	414	-	414	296	240	-	-	(240)
Witness fees	38,000	32,700	29,950	-	29,950	2,750	-	-	-	-
Filing/processing fees	-	-	394	-	394	(394)	0	-	-	-
Payroll taxes	8,698	11,502	11,811	-	11,811	(309)	3,376	3,898	3,898	522
Postage	18,750	19,350	18,519	-	18,519	831	74	250	250	176
Travel	3,400	5,958	5,293	-	5,293	665	13,473	12,392	12,392	(1,081)
Janitorial service	-	-	-	-	-	-	9,100	9,000	9,100	-
Capital outlays	355,170	194,894	194,453	-	194,453	441	33,106	48,375	33,106	-
Other	4,750	1,176	3,902	-	3,902	(2,726)	1,000	2,000	2,545	1,545
Total expenditures	1,209,566	1,072,647	1,202,273	(134,703)	1,067,570	5,077	304,016	302,369	299,284	(4,732)
Excess (deficiency) of revenues over (under) expenditures	(355,170)	(181,579)	(194,728)	-	(194,728)	(13,149)	(17,256)	-	-	(17,256)
FUND BALANCE, BEGINNING										
		1,380,808	964,513		964,513		105,858			
FUND BALANCE, ENDING		\$ 1,199,229	\$ 769,785		\$ 769,785		\$ 88,602		\$ -	

(See Auditors' Report)

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J.V. LECLERE KRENTEL - DECEASED

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Judge Jim Lamz
City Court of Slidell
Slidell, Louisiana

We have audited the financial statements of the governmental activities, and each major fund of City Court of Slidell, as of and for the year ended December 31, 2011, which collectively comprise the City Court of Slidell's basic financial statements and have issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City Court of Slidell's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Slidell's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City Court of Slidell's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Judge Jim Lamz
City Court of Slidell
June 19, 2012

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Court of Slidell's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Court of Slidell and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 19, 2012

Erickson, Krentel & LaPorte LLP

Certified Public Accountants

CITY COURT OF SLIDELL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011

We have audited the financial statements of City Court of Slidell as of and for the year ended December 31, 2011, and have issued our report thereon dated June 19, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audits of the financial statements as of December 31, 2011 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses _____ Yes X No

Control Deficiencies _____ Yes X No

Compliance

Compliance Material to Financial Statements ____ Yes X No

- b. No management letter was issued for the year ended December 31, 2011

SECTION II FINANCIAL STATEMENT FINDINGS

None